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FOR IMMEDIATE RELEASE

Terry Goddard Announces Record Environmental Settlement

(Phoenix, Ariz. – Dec. 20, 2007) Attorney General Terry Goddard today announced a record \$12 million civil settlement resolving a 2005 lawsuit brought against land developer George H. Johnson, several of his companies, excavation contractor Jack McCall, 3F Contracting, Inc. and Preston Well Drilling. The defendants agreed that the State would be paid \$12,111,500 to resolve all claims in the case, making it the largest environmental enforcement recovery by State agencies in Arizona's history.

Goddard was joined at a morning press conference by five state officials whose agencies were parties to the lawsuit. They are Arizona Department of Environmental Quality Director Steve Owens, Arizona State Land Department Commissioner Mark Winkleman, Arizona Department of Agriculture Director Don Butler, Arizona Game and Fish Department Assistant Director Steve Ferrell, and Beth Grindell, Acting Director of the Arizona State Museum.

"We are committed to enforcing our environmental and heritage protection laws to preserve the priceless resources that make this State unique," Goddard said. "This resolution sends a strong message to anyone who would despoil our heritage."

The 2005 lawsuit charged the defendants with numerous violations of State law and destruction of the State's natural and archeological resources.

"We felt strongly that serious violations of the law had occurred," Owens said. "This record-setting settlement reflects the importance of this case."

Of the \$12,111,500, Johnson and his companies have agreed that the State will be paid \$7 million, 3F Contracting, Inc. has agreed the State will be paid \$5.05 million and Preston Well Drilling has agreed the State will be paid \$61,500.

Violations alleged in the lawsuit brought by the Attorney General's Office included:

- Bulldozing and clearing of nearly 270 acres of State Trust Lands located in and near the Ironwood National Monument and the Los Robles Archeological District.
- Bulldozing and clearing an estimated 2,000 acres of private lands in the Santa Cruz River Valley without obtaining permits required by State law.
- Destroying portions of seven major Hohokam archeological sites, circa A.D. 750-1250.
- Destroying over 40,000 protected native plants on State Trust Lands, including Saguaro, Ironwood, Mesquite, Palo Verde and other protected species.
- Violating the State's clean water laws by failing to secure required permits and discharging pollutants into the Little Colorado River, the South Fork of the Little Colorado River and tributaries to the Santa Cruz River.
- Negligently causing a disease epidemic that resulted in the death of at least 21 rare Arizona desert bighorn sheep and serious injury to numerous others.

According to the settlement, the defendants also agreed to dismiss with prejudice the following matters:

- A counterclaim brought by Johnson defendants alleging defamation by the Attorney General and his Office.
- A lawsuit brought by Johnson Utilities, a Johnson-owned corporation, against the Arizona Department of Environmental Quality, seeking injunctive relief and damages.
- A civil rights lawsuit alleging selective enforcement.

Prior to the settlement mediation, the Special Discovery Master ruled that the State of Arizona had established a prima facie case for punitive damages against George Johnson and had ordered that Johnson produce all financial statements and a net worth report requested by the State of Arizona.

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